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1 UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

2 -----x
3 In re REFCO, INC. SECURITIES
4 LITIGATION 07-MDL-1902
5 -----x
6 This Document Relates To:
7
8 In re REFCO, INC. SECURITIES
9 LITIGATION 05 Civ. 8626
10 (GEL)
11 -----x
12 And All Other Cases Subject to Deposition
13 Protocol Order
14 -----x
15 VOLUME 1
16
17 December 14, 2009
18 9:39 a.m.
19
20 Videotaped deposition of SANTO C. MAGGIO,
21 pursuant to notice, at the offices of White &
22 Case LLP, 1155 Avenue of the Americas, New York,
23 New York, before Eric J. Finz, a Shorthand
24 Reporter and Notary Public within and for the
25 State of New York.

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1 SANTO C. MAGGIO
 2 MS. RENDON: Objection to
 3 form.
 4 A. I mentioned with the FCM that
 5 we took \$25 million out of the segregated
 6 accounts and sent it to Refco Capital
 7 Corp.
 8 Q. Did you take that money
 9 directly out of the segregated account or
 10 did you have to transfer it somewhere
 11 first before you could use it?
 12 A. We transferred it to Refco
 13 Capital.
 14 Q. Refco Capital Corporation or
 15 Refco Capital Markets?
 16 A. Actually Refco Capital Corp.
 17 Q. And what was Refco Capital
 18 Corporation?
 19 A. It was a nonregulated entity
 20 in Refco that handled the treasury and
 21 financing and banking arms or cash
 22 management arms -- cash management for
 23 Refco Group in the entire '90s and early
 24 2000s.
 25 Q. Did Refco Capital Corp. serve

1 SANTO C. MAGGIO
 2 as the bank of Refco?
 3 A. Yes.
 4 Q. And could you describe for me
 5 a little bit about what that means?
 6 A. Refco had a number of
 7 subsidiaries. Most of those subsidiaries
 8 were operating companies that transacted
 9 businesses with clients, as well as banks
 10 and broker/dealers. So on every day
 11 there was what we had a settlement. So
 12 because each company was working very
 13 thin as it relates to its own cash
 14 reserves, each company was instructed to,
 15 if they had any extra money to send it to
 16 RCC, Refco Capital Corp.
 17 So at the end of the day each
 18 company had needs and also had extra
 19 money. And so they informed RCC what
 20 their needs would be for daily settlement
 21 or if they were going to send them any
 22 extra money that they may have from its
 23 settlement.
 24 Q. What was the primary source of
 25 funding for Refco Capital Corp.?

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1 SANTO C. MAGGIO
 2 A. Excuse me?
 3 Q. Let me re-ask the question.
 4 I'll ask a different question.
 5 What was the primary source of
 6 funding for Refco Capital Corp.?
 7 A. The largest, the largest
 8 lender or largest funder for Refco
 9 Capital Corp. was Refco Capital Markets.
 10 Q. And I think you mentioned
 11 earlier that was the Bermuda entity;
 12 right?
 13 A. Yes.
 14 Q. And it was unregulated; right?
 15 A. Yes.
 16 Q. Did Refco Capital Markets or
 17 RCM, have employees in Bermuda?
 18 A. For a period of time.
 19 Q. For what period of time?
 20 A. From 1995 through 2001 or
 21 2002.
 22 Q. And during that period of
 23 time, 1995 through 2001 or 2002, did
 24 Refco Capital Markets have operations in
 25 Bermuda?

1 SANTO C. MAGGIO
 2 A. Yes.
 3 Q. And what were those
 4 operations?
 5 A. You know, primarily the
 6 operations were FX, foreign exchange,
 7 where we had a group of traders and we
 8 also had the back office. And then we
 9 also had a small securities group there
 10 where the traders were there but the back
 11 office operations were handled in New
 12 York, except for the margin department,
 13 which was in Bermuda.
 14 Q. Did the operations in --
 15 strike that.
 16 Did RCM's operations in
 17 Bermuda cease in 2001 or 2002?
 18 A. Yes.
 19 Q. And how did that come about?
 20 A. I became president of Refco
 21 Capital Markets in 2002. Or 2000. And
 22 decided that I was going to close the
 23 operations. And move -- well, there are
 24 two things. One, as I closed the
 25 securities operations sooner than that,